



**ARKANSAS INSURANCE DEPARTMENT
LEGAL DIVISION**

1200 West Third Street
Little Rock, AR 72201-1904
501-371-2820
FAX 501-371-2629

**RULE AND REGULATION 62
RESERVES FOR FUNERAL EXPENSE INSURANCE**

SECTION

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SECTION 1. PURPOSE.

The purpose of this Rule is to promulgate guidelines for the voluntary establishment of reserves for funeral expense insurance as referenced in Ark. Code Ann. §23-64-206 (g) (8), and defined in the Commissioner's Rule and Regulation 30.

SECTION 2. AUTHORITY.

This Rule is promulgated pursuant to the Commissioner's authority under Ark. Code Ann. §23-61-108, and §23-63-106, §23-64-206 and §§25-15-201, et seq.

SECTION 3. DEFINITIONS.

(a) "Funeral expense insurance" is that form of insurance as defined in the Commissioner's Rule and Regulation 30, "Funeral Expense Insurance". (b) "Insurer" as used in this Rule is any authorized life insurer, fraternal benefit society, stipulated premium insurer or mutual assessment life insurer.

SECTION 4. RESERVES.

Subject to the prior written approval of the Insurance Commissioner, any life insurer licensed and doing business in this State and still having outstanding and in force funeral expense contracts issued prior to January 1, 1968 or reinsured thereafter, which contracts provide for payment of death benefits by furnishing goods, services or merchandise or cash, may over a reasonable number of years establish reserves on such contracts. Subject to prior written approval of the Insurance Commissioner, amounts for the reserves on such contracts shall be calculated by using: (a) mortality tables recognized by the Society of Actuaries or by similar organizations; and (b) current interest rate assumptions. Upon establishment, such reserves shall thereafter be maintained unimpaired by the insurer unless lesser aggregate reserves are subsequently approved in writing by the Commissioner upon the insurer's written application. To secure the Commissioner's approval for a cash reserve plan under this Rule, the insurer must pay cash benefits for policy claims.

SECTION 5. EFFECTIVE DATE.

The effective date of this Rule shall be August 1, 1994 upon and after filing with the Arkansas Secretary of State and the Arkansas State Library, pursuant to Ark. Code Ann. §§25-15-201, et seq., as amended by Act 1106 of 1993.

SECTION 6. SEVERABILITY.

Any section or provision of this Rule held by a court to be invalid or unconstitutional will not affect the validity of any other section or provision of this Rule.

[Lee Douglass' signature]
LEE DOUGLASS, INSURANCE COMMISSIONER

7-22-94
DATE